

Is there a way to succeed in m-commerce?

June 2013

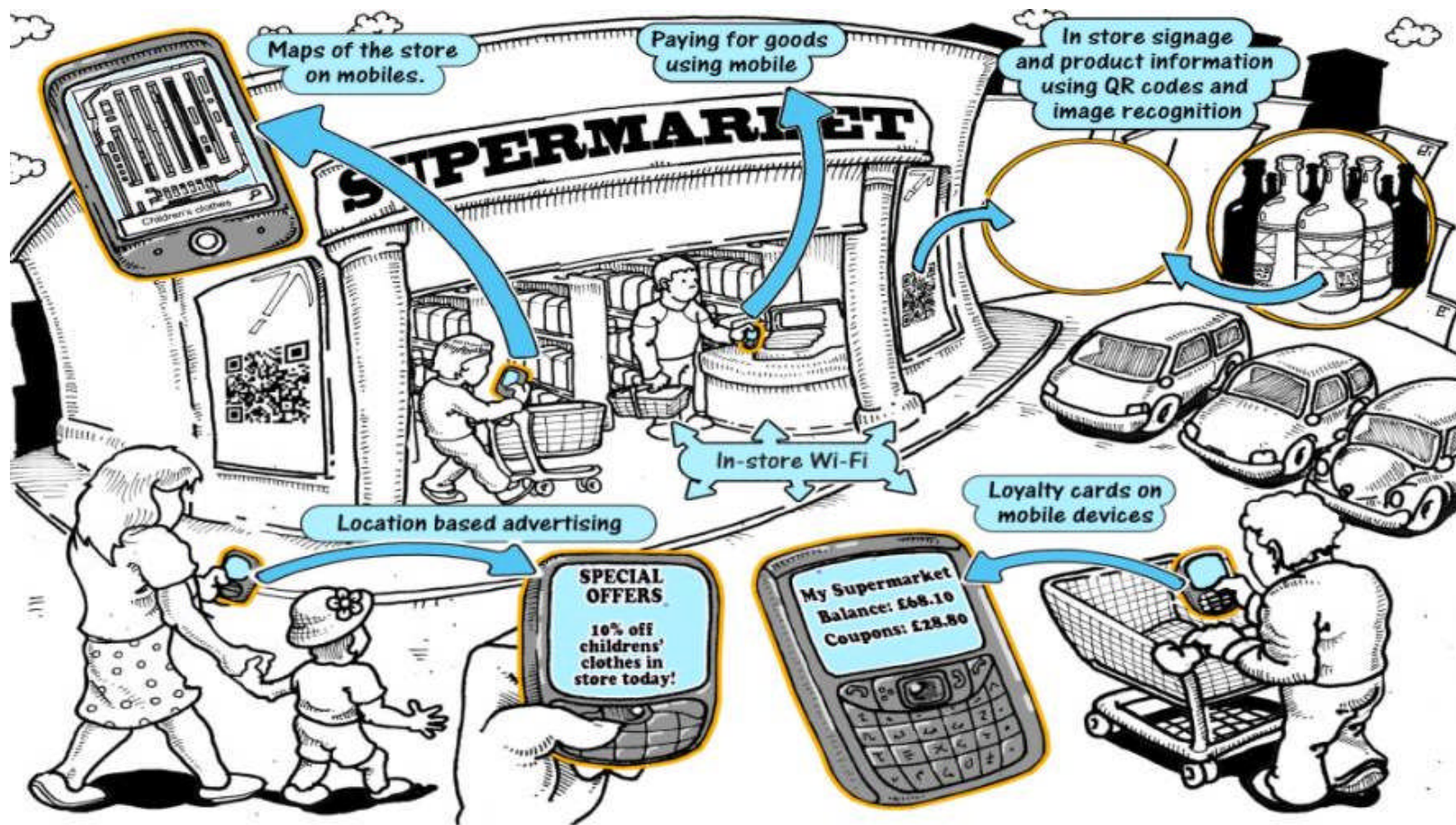
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What are the key components of a successful m-commerce venture?



What do we mean when we say 'm-commerce'



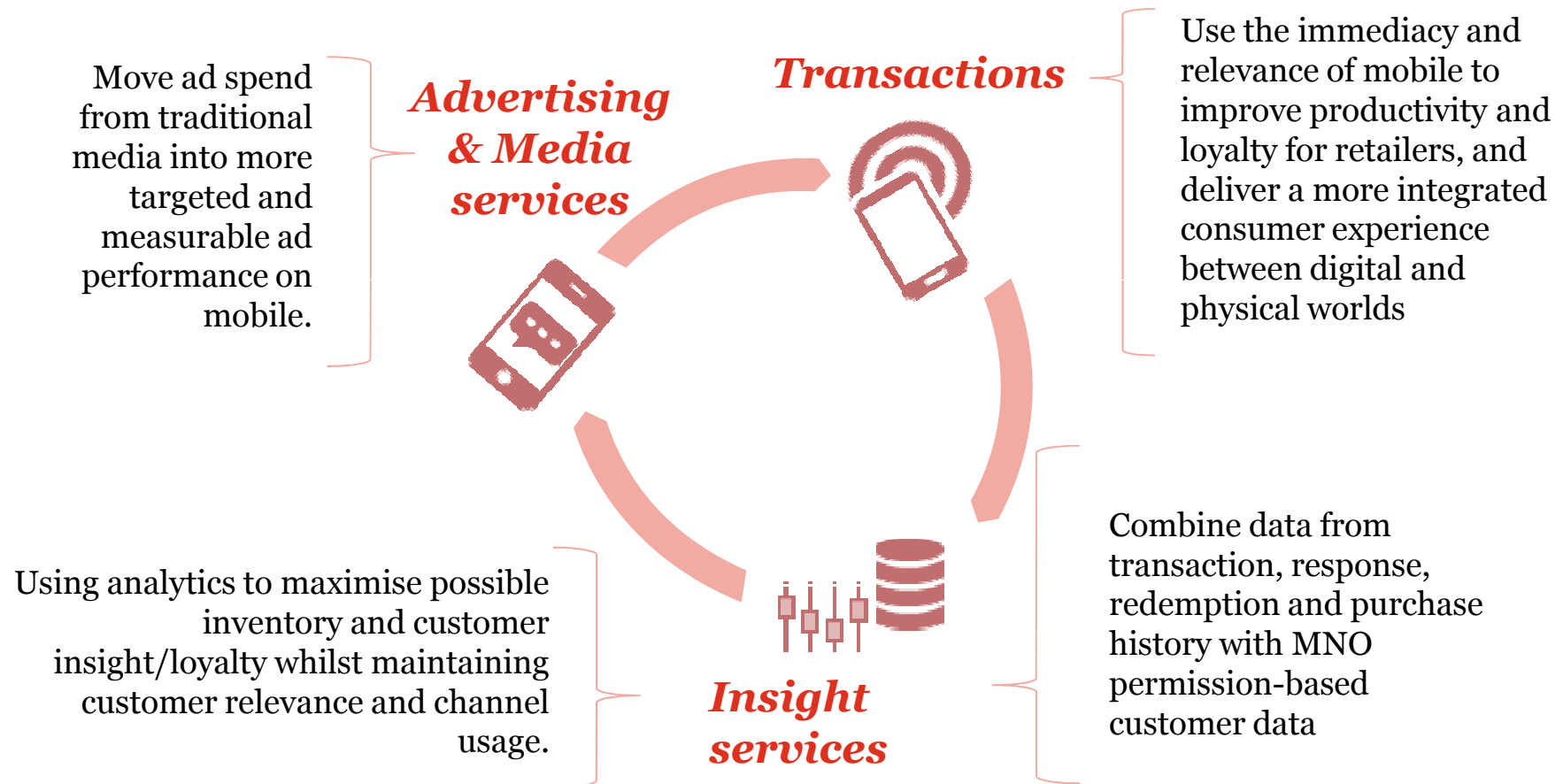
In effect, what does this look like ...

- We believe, to succeed, collaboration is required at an industry level.
 - The opportunities & benefits of an industry-led response include:
 - Shared investment
 - Immediate access to critical mass
 - Singular message to subscribers / consumers
 - Advent of clear approach to Businesses, Banks and Retailers
 - Ability to combat the eventual OTT threat (i.e. Google, Paypal, Apple etc.)
 - Establishing a single platform to build capability to serve:
 - Mobile remittance & distribution
 - Micro-finance (financing)
 - Money repatriation
- Banking the un-banked
& under-banked

*Could combining advertising,
transactions and data be the key?*

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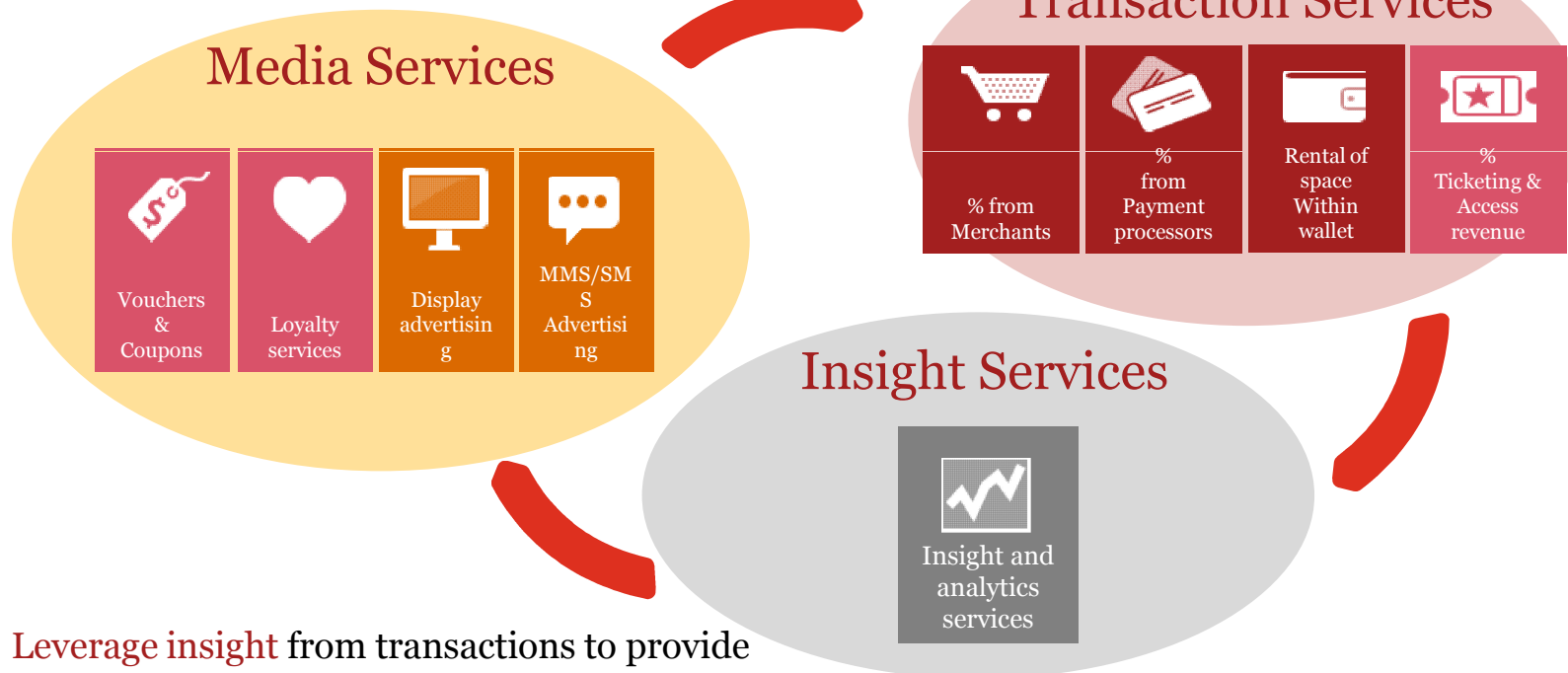
If well designed, the components should seek to create a 'virtuous circle'....



We think an m-commerce vision should combine Media, Financial Services, Retail and data at least.

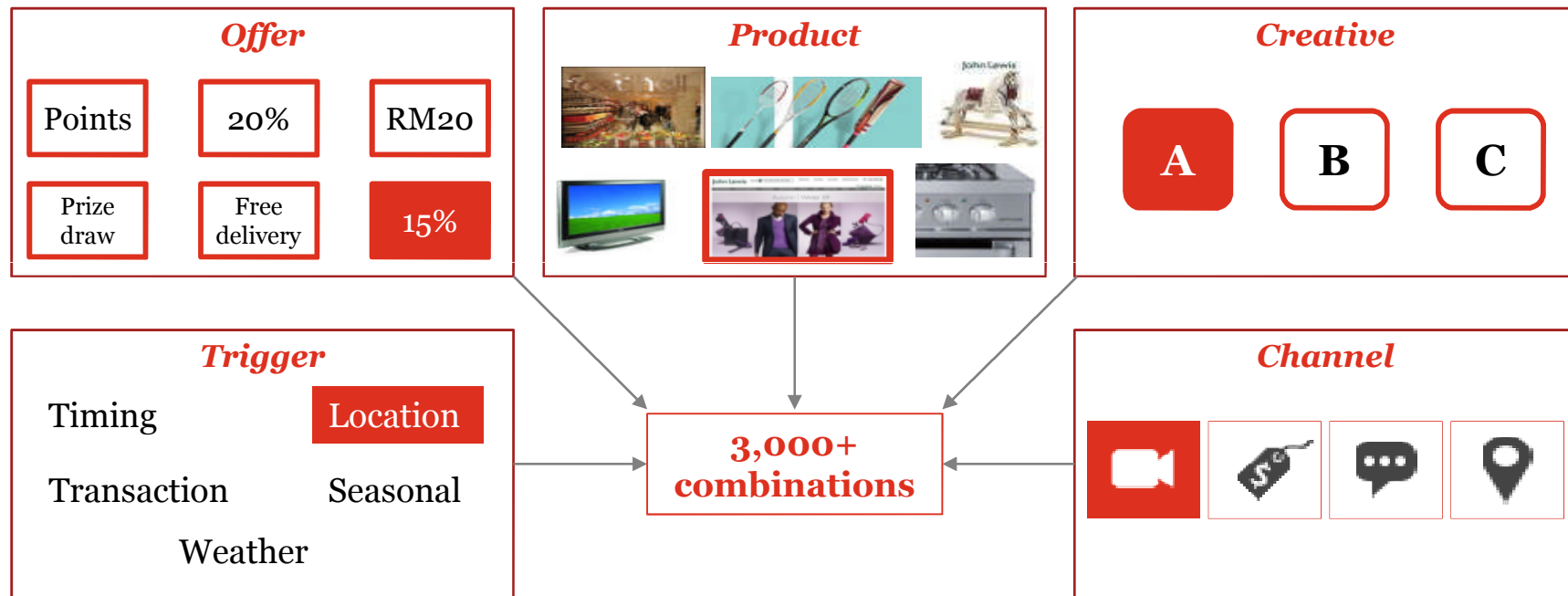
Remove barriers and provide brands & agencies a **single planning, targeting booking & reporting point**

One-stop-shop for merchants & service providers and a **common wallet experience** for consumers



Leverage insight from transactions to provide greater loyalty, voucher and redemption offers

Lets consider the 'richness of interaction' that well designed media services is able to afford ...



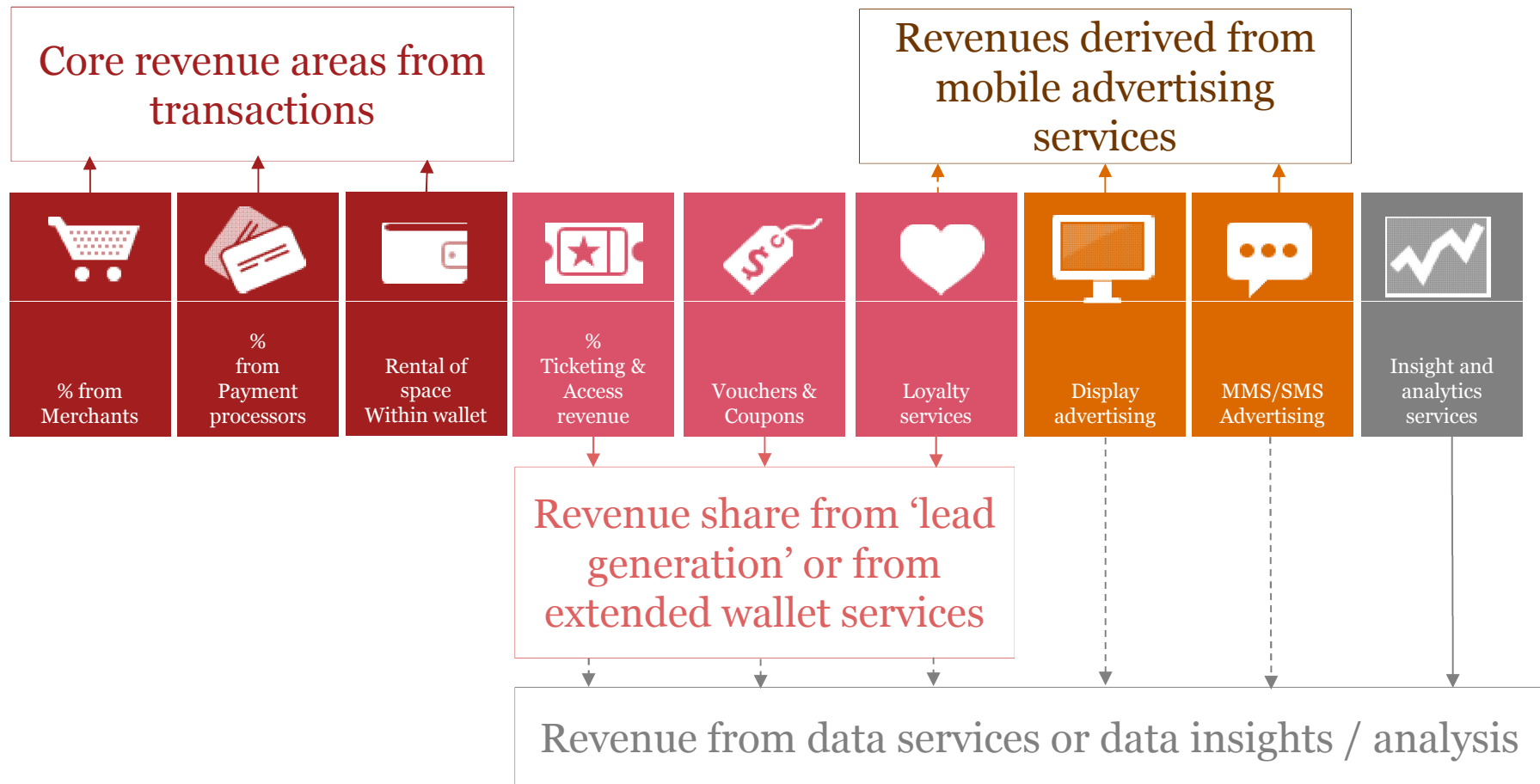
Certain companies already use this approach to achieve 20%+ ROI increase

Mobile Advertising

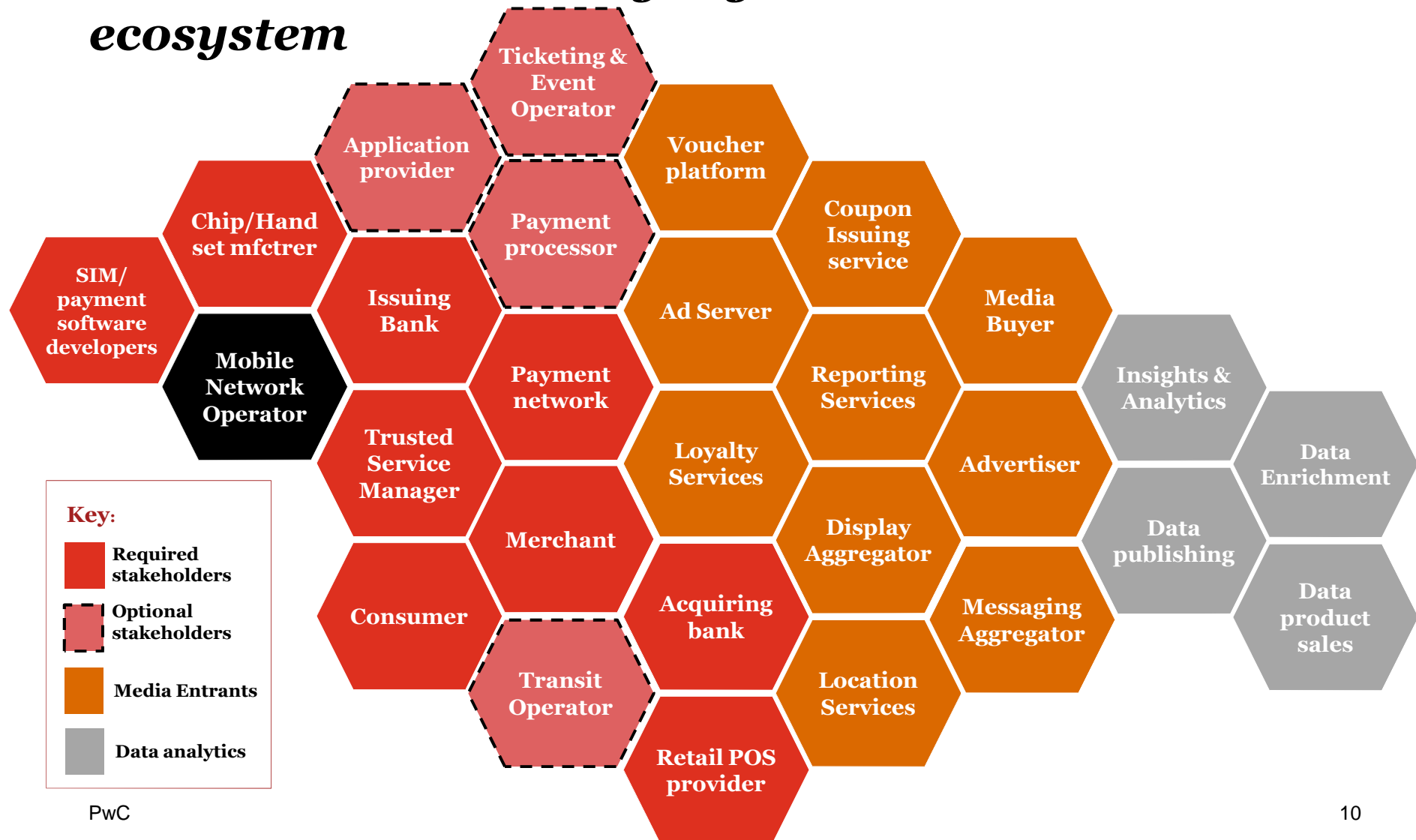
Mobile internet advertising spending is due to grow 34% annually until 2016.

+34%

Beyond Media Services, a range of different business models becomes available.



But...without an industry led collaboration there is little chance to bring together the whole ecosystem



What Operating Models exist?

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We believe that there are 5 variant m-commerce operating models existing or being built



BANK NETWORKS

- Retail banks /issuers
- Associations & network

Builds on existing network and deploys mobile payment applications or devices to customers, via bank partners



INNOVATORS

- Alternative solution providers (OTT)

Technology-based solution that leverages existing and complementary mobile assets to develop mobile payment capabilities



Google wallet



RETAILERS & TRANSIT

- Retailers
- Transit
- Stand-alone merchants

Merchants or transit companies create independent, closed-loop payment applications that are interoperable with existing POS technology



MOBILE NETWORKS

- Mobile Network Operators (MNOs)

Mobile operator acts independently to deploy mobile payment applications and value added services



CROSS-SECTOR COLLABORATIVE

- MNOs
- Banks/issuers
- Associations
- Other parties

Collaboration among banks, mobile operators, existing payment networks and other stake-holders in the mobile value chain



*Lessons learnt from the launch of
WEVE / ISIS / Singapore?*

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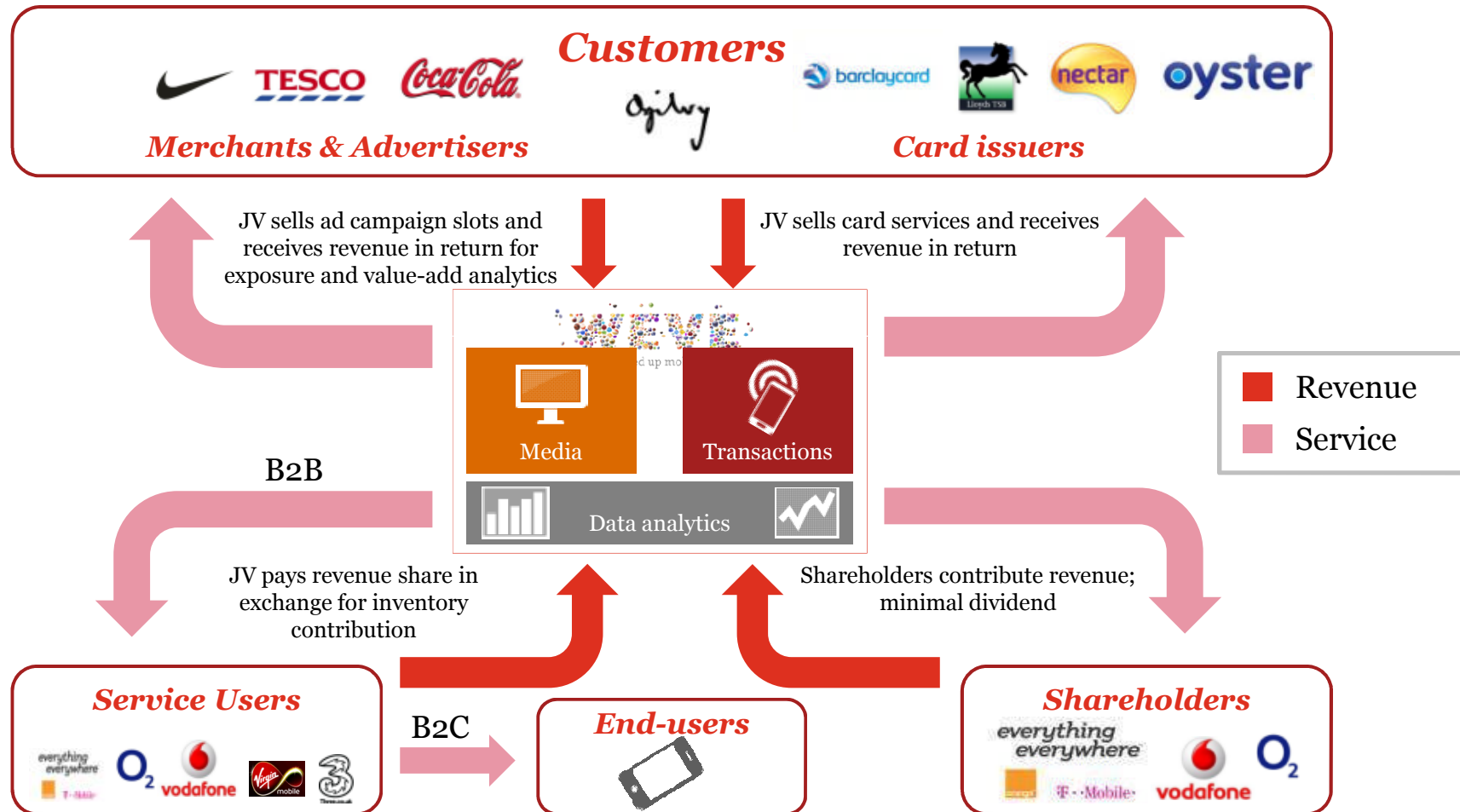
Project Oscar (aka WEVE)

- Business launched in October 2012
- 18 months of pre-launch preparation:
 - Contract negotiations
 - Business planning
 - EU competition clearance
- Project team of circa 15 – 20 FTEs involved
- At launch headcount circa 45 of which 12 are ‘data scientists’

Lessons learnt

- Clarity of ‘non-compete’ between shareholders and the JV to avoid market confusion and product dilution
- Clarity of permissions, liabilities and responsibilities self-evident but must be pervasive
- Commitments to acquire and retain (and re-acquire) ‘opt-ins’

WEVE was designed to be a B2B utility allowing MNO own wallets, powered by the same systems



What we know about NFC in Singapore

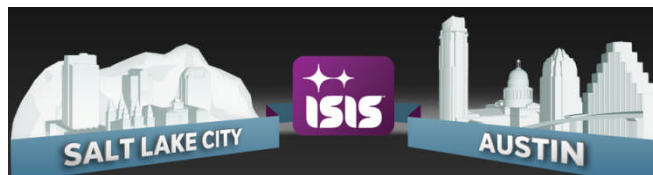
- On 3rd Aug 2012, the IDA announced a consortium comprising seven companies was announced – Gemalto Citibank, DBS Bank, EZ-Link, M1, SingTel and StarHub.
- Approx. 6 devices are live in market
- 3 mini-consortiums were established:
 - MI with DBS
 - Singtel with EZ-Link
 - Starhub with Mastercard (prepaid)
- Paralysis has ensued

Plans going forward

- Payments on public transportation such as buses and trains, SMRT and Premier Taxis will be enabled during 2013.
- Payments for Singapore's electronic parking system (EPS) or electronic road pricing (ERP) services also due in 2013.

ISIS

- Founded by AT&T Mobility, T-Mobile USA and Verizon Wireless
- Established early 2011 as a ‘transactions led’ response to OTT threats
- Some challenges identified around gaining critical mass
 - Only 3 major credit cards involved
 - Only 2 cities ‘live’
 - Only 1580 retail outlets engaged
 - Only Samsung, HTC and LG offering ‘ISIS ready devices’ (17 in total)
- Currently developing a ‘Media Services’ division



Thought leadership

Providing valuable insights into current developments of the financial services and telecommunication, media and technology sectors.



Evolution of digital wallets – strategic context and business models



How mobile payments will create the most significant revenue opportunities of the decade for financial institutions



How financial institutions can increase the payment security of mobile banking



Analyses a number of hypotheses to assess the impact and positioning of digital banking in 2015 and whether current consumers are ready for a digital transformation



New and emerging frontiers of industry revenues, across services, geographies and regulatory considerations. Where operators should focus to get the most from the digital consumer



Update on the current state of the mobile payment market, with focus on key issues such as technology, adoption and security